

(3)

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Marks

- (iii) Rents paid for the factory premises for the past 6 months and the rents payable for the next six months. Production is going on in the factory.
- (iv) Research costs on a product that has reached 'maturity' phase in its life cycle and the research costs which may be needed on introducing a cheaper substitute into the market for facing competition.
- (v) Legal consultancy fees payable for patent rights on a new product. Patenting rights have been applied for.
- (d) The following matrix is a minimization problem for transportation costs. The unit transportation costs are given at the right hand corners of the cells and the Δ_{ij} values are encircled. 5

	D_1	D_2	D_3	Supply
F_1	3	4	4	500
F_2	9 ⑧	6	7 ②	300
F_3	4 ①	6 ②	5	200
Demand	300	400	300	1000

Find the optimum solution (s) and the minimum cost.

2. (a) During the last 20 years, KL Ltd.'s manufacturing operation has become increasingly automated with computer-controlled robots replacing operators. KL currently manufactures over 100 products of varying levels of design complexity. A single plant wise overhead absorption rate, based on direct labour hours is used to absorb overhead costs. 8

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P.T.O.